NNPC Limited's Ownership, Commercial Status and Financial Relationship with the Federation

The Petroleum Industry Act (PIA) 2021 provided for the incorporation of the Nigerian National Petroleum Company Limited (NNPC Limited) under the Companies and Allied Matters Act. The Company commenced commercial operations on 1 July 2022 and is wholly owned by the Federal Government of Nigeria. Its shares are held equally by the Ministry of Finance Incorporated and the Ministry of Petroleum Incorporated on behalf of the Federation.

Commercial and financial framework

NNPC Limited operates as a commercial enterprise and is expected to conduct its business profitably, efficiently and without routine reliance on government funding. It is responsible for meeting its financial obligations and paying applicable taxes, royalties, rents, fees and other statutory charges.

The PIA requires NNPC Limited to retain 20% of its profits to support business growth and declare dividends to its shareholders. The amount available for distribution is determined in accordance with the Company's approved dividend policy, applicable laws, financial obligations and shareholder approval. The Board is responsible for balancing dividend payments with the need to maintain NNPC Limited's long-term growth and financial strength.

Petroleum assets and interests

Relevant assets, interests and liabilities of the former Nigerian National Petroleum Corporation were transferred to NNPC Limited or its subsidiaries in accordance with the PIA. This included working interests in joint ventures where the related assets and obligations were transferred to the Company.

NNPC Limited also manages production-sharing, profit-sharing and risk-service contracts on behalf of the Federation. It lifts and sells specified government petroleum entitlements, including royalty oil and tax oil, and transfers the applicable proceeds to the relevant government authorities after authorised fees and deductions.

Accordingly, NNPC Limited operates in two distinct capacities: as a commercial participant in petroleum assets transferred to it and as manager of specified petroleum interests and entitlements on behalf of the Federation.

References: Petroleum Industry Act 2021, sections 53–56 and 63–64; NNPC Limited's audited financial statements.